



FACT SHEET

U.S.-Peru Trade Promotion Agreement New England Farmers Will Benefit

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The U.S.-Peru Trade Promotion Agreement (PTPA) provides increased market access to New England's agricultural exports by making agricultural trade a two-way street and leveling the playing field with respect to third country competitors in the Peruvian market. With immediate elimination of duties on nearly 90 percent of current U.S. trade to Peru, the PTPA will provide New England producers and exporters the opportunity not only to preserve but to increase market share in Peru. The American Farm Bureau and over 40 other agricultural industry and farm groups strongly support the agreement stating that the agreement would benefit all U.S. agricultural sectors and allow the United States to become a competitive supplier of agricultural products to Peru.

Exports of farm products boost New England's farm prices and income. Such exports support about 4,900 jobs both on and off the farm in food processing, storage, and transportation. Agricultural exports amounted to \$434 million and made an important contribution to New England's farm cash receipts in 2006 that totaled \$2.3 billion.

Dairy. Providing nearly \$573 million in farm cash receipts and over \$41 million in exports, New England's dairy producers benefit from the PTPA.

- Under the PTPA, Peru will immediately eliminate its system of variable levies (price bands) facing U.S. exporters. Under the system, tariffs can be as high as the World Trade Organization (WTO) ceiling of 68 percent on some dairy products.
- Peru will immediately eliminate tariffs on whey.
- Both Peru and the United States will establish duty-free tariff-rate quotas (TRQs) for certain dairy products totaling 10,000 tons.
- TRQs will grow by ten percent compounded annually, with certain dairy products subject to safeguards during the tariff phase-out period.
- All Peruvian duties on dairy products will be eliminated within 17 years, with duties on some dairy products eliminated earlier.
- *The National Milk Producers Federation, the U.S. Dairy Export Council, the Grocery Manufacturers of America, the International Dairy Foods Association, and the Food Products Association publicly support the PTPA.*

Potatoes. As the largest source of farm cash receipts in Maine and among the top ten in Rhode Island and providing over \$131 million in farm cash receipts, New England's potato farmers will benefit from the PTPA.

- Peru will immediately eliminate all duties, which are currently as high as 25 percent (30 percent allowed by the WTO), on potatoes and potato products, including frozen french fries, potato flakes and potato chips.
- *The National Potato Council, the American Frozen Food Institute, the Grocery Manufacturers of America, and the Food Products Association publicly support the PTPA.*

Fruits. Fruit producers in every New England state benefit from the PTPA. Fruits are among the top ten sources of farm cash receipts in many New England states.

- Peru's current duties on fruit are 25 percent, and under WTO rules, Peru could raise these duties to as high as 30 percent.
- Providing nearly \$52 million in farm cash receipts and produced in every state, New England apple producers will benefit from immediate duty elimination by Peru.
- Providing nearly \$20 million in farm cash receipts, blueberry producers in Maine will benefit from immediate duty elimination on fresh and frozen blueberries by Peru.
- Among the top three in farm cash receipts at \$62.3 million, Massachusetts cranberry producers benefit from immediate duty elimination on fresh and frozen cranberries by Peru.
- Providing over \$3.5 million in farm cash receipts, peach producers in Connecticut and pear producers in Massachusetts and Connecticut will benefit from immediate duty elimination on fresh peaches and pears by Peru.
- *The U.S. Apple Association, and Ocean Spray Cranberries have expressed support publicly for the PTPA.*

Beef. Providing \$80 million in farm cash receipts, which makes beef among the top ten sources of farm cash receipts in most New England states, New England's ranchers and beef industry benefit from the PTPA. Beef is among the top ten sources of farm cash receipts in most New England states.

- Peru will immediately eliminate the 25-percent duties (30-percent allowed by the World Trade Organization (WTO)) on the beef products of most importance to the U.S. beef industry – Prime and Choice cuts.
- U.S. exporters of variety meats (offals) will immediately receive duty-free access under a 10,000-ton TRQ that will grow six percent compounded annually. The 12-percent over-quota tariff will be phased out over ten years.
- Peru will provide immediate duty-free access for U.S. exports of standard quality beef through the establishment of an 800-ton TRQ that will grow six percent compounded annually. The 25-percent over-quota tariff will be phased out over 11 years.
- The United States will phase out its beef tariffs over 15 years except for those tariffs that are already duty-free under the Andean Trade Promotion and Drug Eradication Act (ATPDEA). The PTPA will continue the duty-free treatment.

- Peru agreed to continue to recognize the equivalence of the U.S. meat inspection and certification system to its own system.
- *The American Meat Institute, the National Cattlemen's Beef Association, the National Renderers Association, the U.S. Meat Export Federation, the US Hides, Skin and Leather Association, U.S. Livestock Genetics Export, Inc., and the Pet Food Institute publicly support the PTPA.*

Maple Products. Providing \$22 million in farm cash receipts, producers of maple syrup and other maple products in Vermont, Maine, New Hampshire, Massachusetts, and Connecticut benefit from the PTPA.

- Peru currently charges 12 percent duties on maple products, and under WTO rules, Peru could raise these duties to as high as 30 percent.
- Peru will immediately eliminate duties on maple syrup and maple sugar.

Tobacco. With over \$15 million in farm cash receipts, tobacco producers in Connecticut and Massachusetts benefit from the PTPA.

- Under the PTPA, Peru will immediately eliminate duties, which are 12 percent (30 percent allowed by the WTO) on most tobacco products and 25 percent (30 percent allowed by the WTO) on cigarettes, on stemmed or stripped burley tobacco and on cigarettes made from burley. Peru will phase out all other duties on tobacco and tobacco products over 5 years.
- The United States will phase out its tariffs on tobacco over 15 years. For tobacco and tobacco products currently receiving duty-free treatment under the ATPDEA, U.S. tariffs will continue to be duty-free.